

REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met via webinar on Wednesday, September 2, 2020 to receive an update on the 2020-2024 cooperative agreement funding, status of remaining funds from the 2015-2019 grant, review the 2019 audit results and to consider a preliminary draft 2021 Provisional Budget.

Members Present: BC Chair, Mr. Pete Hassemer; Mr. Marc Gorelnik, Mr. Phil Anderson, Ms. Marci Yaremko, Mr. Brad Pettinger, Dr. Dave Hanson, and Mr. Ryan Wulff.

Non-Members Present: Mr. Corey Niles, Mr. Chuck Tracy, Mr. Mike Burner, Ms. Patricia Crouse, Mr. Dan Waldeck, Mr. John Ugoretz, and Ms. Corey Ridings.

National Marine Fisheries Service (NMFS) West Coast Region (WCR) – Sustainable Fisheries Division Budget Update

Mr. Wulff gave the NMFS budget update. The Fiscal Year (FY) 21 budget has been approved by the House and is waiting on Senate approval, but priority has been given to a COVID Stimulus package prior to fiscal year-end. There is work being done on a continuing resolution (CR) as either inside the stimulus package or as a stand-alone item. If a CR is not approved, NMFS will begin discussions of an October shutdown in mid-September. The appropriations delay has also impacted the timing of the HQ funding of projects and may delay any applications for regional Requests for Proposals (RFP) and receiving approvals for hiring. COVID has had an impact on workload for staff working at a limited capacity, but the Region may have the ability to backfill positions when authorized. There was discussion of Executive Order 13921 with regards to the staffing capability of the region for aquaculture initiatives.

Executive Director's Report (Agenda Item C.4, Supplemental Attachment 2)

Mr. Chuck Tracy presented the status of the 2015-2019 grant funds that are remaining as a 2020 no-cost extension (NCE) of \$2.8M. Council staff does not expect the entire budget to be fully spent out by the end of 2020 and will be applying for another extension due to COVID. Council staff will track and prepare application for extension when funds remaining are able to be estimated more closely with a tentative deadline of mid-October for submission. 2020 grant funds received to date remain unchanged from June, and no further funds are expected.

The Council's expenditures through July 31 was approximately 35% or \$2.1M for the combined 2020 and NCE budgets (\$6.2M). The NCE budget is tracking at 24% and the 2020 budget is tracking at 43%, primarily due to lower travel and hotel costs due to COVID restrictions and postponement of NCE agenda items.

Regarding 2021 funding, preliminary information appears to favor stability in the President's budget and the House appropriations bill. In addition to new funds in 2021, any unspent 2020 funds will be available, and if the request is approved, unspent 2015-2019 NCE funds. While there would not be direct funds to the Council, NMFS has indicated there may be HQ TEMP funding for catch share programs available to the Region and NW Science Center specifically identified for a periodic review of Fixed Gear Sablefish Tier Fishery project. NMFS would need to complete the

application in October and Council staff would assist in scoping that project.

The preliminary staff proposed 2021 budget assumes status quo operations of five in-person Council Meetings and two in-person Council Coordinating Committee (CCC) meetings, including our Council being the host. Staff has discussed fully funding the leave account in 2020 using funds from the NCE, and if an extension is granted, the balance of the funds would remain for use on identified projects. There is a proposed 15% increase in liaison contracts to the States and Commission relative to the 2019 base amount as per the 2020 grant proposal. There is also at least \$172K proposed for work by contractors, down from \$407K. A list of potential 2021 priorities was also presented.

Mr. Tracy noted that Council workload capacity for 2021 is reduced due to meetings being held by webinar, the current transitions in the GMT, and staff workload associated with groundfish stock assessments and hosting the CCC meetings. However, some increased workload capacity will result because Groundfish specifications will not start again until late in 2021 and two salmon projects are nearing completion. Furthermore, contractors have been engaged to assist with data analysis and populating the Research and Data Needs document database.

Mr. Tracy presented the information relating to the 2019 Audit. The report remained unmodified, which is positive in audit standards, and the Council remains a low-risk auditee. He also noted that the Council has retained the same audit firm (McDonald Jacobs) for audits through 2023.

Budget Committee Discussion on Activities

The BC discussed the state liaison contracts in light of the continuing impact of COVID workload constraints. While the 15% increase is appreciated, the Council's priority items are requiring more support of state agency staff for the development of analyses and recommendations that are needed for Council action. Contractors working with Regional Fishery Management Organizations are tentatively planned for 2021 and staff expects there to be changes due to scope of work based on decisions made at the September meeting.

There was BC support for Council staff to assist NMFS with its Fixed Gear Sablefish Tier Fishery funding proposal and supports the items shown on the 2021 Potential Priorities list (Agenda Item C.4, Supplemental Attachment 2) for future budget development. The ongoing consideration of Executive Order 13921 will likely provide more information regarding near-term priorities and workload.

The BC recommended approval of the 2019 audit results and appreciated the effort from staff on the work to maintain consistent audit results.

The BC discussed the newly changed membership as Mr. Gorelnik was added as a member, and Mr. Anderson was reappointed to the Committee as the Washington voting member. The BC recommended the at-large position remain vacant at this time. Mr. Hassemer was re-elected to the position of Chair of the BC and Mr. Pettinger was elected to the position of Vice-Chair.

Expectations for the November BC Meeting were discussed and tentative plans to hold the next meeting the week of November 2nd in advance of the Council meeting. Items to be discussed at that meeting would include recommendation of a 2021 Provisional Budget for approval by the Council, and review of the no-cost extension application.

Budget Committee Recommendations

- 1. Council approve the 2019 Audit Results.**
- 2. Recommend a November 2020 BC Meeting to discuss the 2021 Provisional Budget and No-Cost extension application.**

PFMC
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